



INTESA  SANPAOLO

Sustainability Bond focused on Circular Economy
Roadshow material

18 November 2019

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Intesa Sanpaolo Sustainability Commitment

Intesa Sanpaolo has always been committed to sustainability, as clearly stated in its mission.

The **2018-2021 Business Plan** confirms this commitment: “Intesa Sanpaolo, which is already a leading bank in **Corporate Social Responsibility**, aspires to become a world-class reference model on cultural and social responsibility and to leave a positive impact on society.”

ISP: Already a Leading Bank in Corporate Social Responsibility...



Out of ~6,000 listed companies worldwide, ISP is among the top 3 banks globally and the only Italian company in the top 100 for sustainability⁽¹⁾

Environmental Sustainability

- Turin tower awarded LEED⁽²⁾ Platinum certification (highest recognition given by the Green Building Council)
- CO₂ emissions reduced by >50% in 2008-2017
- First Italian bank to issue Green Bond (€500m)

Society

- Financial inclusion: ~€4bn loans to high social impact activities in 2016 (e.g., microcredit, non-profit, families affected by job losses)
- Circular Economy: exclusive Financial Service Global Partner of Ellen MacArthur Foundation
- “Food and shelter for people in need”: 300 non-profit organisations supported in 2012-2016

Governance

- Responsible investments: Eurizon Capital signatory of PRI⁽³⁾
- ~€4bn AuM in ESG/Ethical funds, with 3 new ESG Funds launched in the last 12 months

(1) Source: Corporate Knight
 (2) Leadership in Energy and Environmental Design
 (3) Principles of Responsible Investment

...Aspiring to Leave a Positive Impact on Society Through the New Plan

ISP Fund for Impact	ISP for people in need	ISP for Circular Economy	ISP for culture
<ul style="list-style-type: none"> ▪ Launch of a new ISP Fund for Impact (~€250m) enabling lending of ~€1.2bn to categories with difficulties accessing credit ▪ Multi-stakeholder governance ▪ All ISP units involved in the initiative 	<ul style="list-style-type: none"> ▪ Scale-up of the “Food and shelter for people in need” initiative by allocating funds to enable: <ul style="list-style-type: none"> – 10,000 meals/day – 6,000 dormitory beds/month – 3,000 medicines and clothes/month 	<ul style="list-style-type: none"> ▪ Allocation of a dedicated Platfond to finance Circular Economy ▪ Launch of a Circular Economy Investment Fund 	<ul style="list-style-type: none"> ▪ Set-up of a specialised unit focused on enhancement and proactive management of ISP Art, Culture and Historical Heritage (~20,000 artworks) ▪ Main focus is to: <ul style="list-style-type: none"> – Spread art and culture in Italy and internationally – Strengthen ISP reputation

Becoming a world-class reference model on Social and Cultural Responsibility

Intesa Sanpaolo Sustainability Commitment

The Group participates in important domestic and international initiatives, and is a signatory of the UN Global Compact.

In September 2019 the Group joined UNEP FI Principles for Responsible Banking (PRB) that aim to align the banking sector with the UN Sustainable Development Goals and with the 2015 Paris Agreement on Climate.



Signatory of:



Founding Signatory of:



Sustainability Governance

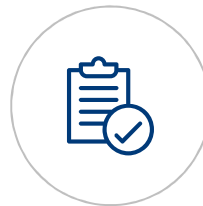
The Board oversees also sustainability issues, with the support of the Risks Committee. The Corporate Social Responsibility structure provides support to Top Management in defining sustainability strategies and policies designed to generate value for stakeholders.



ESG indices and rankings



Ranked first, among peers, by MSCI, CDP, Sustainalytics, three of the **top ESG international assessments**



The only Italian bank listed in the **Dow Jones Sustainability Indices**, in the **CDP Climate Change A List 2018** and the **2019 Corporate Knights “Global 100 Most Sustainable Corporations in the World Index”**

2018-2021 Business Plan – Objectives and Results

The 2018-2021 Business Plan envisages to deliver more than € 300 bn to the real economy.

%, € bn		Benefits	Targets 2018-2021	2018 Results
Shareholders	Cash dividend payout ratio	85% 80% 75% 70%	<ul style="list-style-type: none"> Significant portion of Net income available for consumption / investments 	<ul style="list-style-type: none"> 3.4 bn cash dividends, 85% payout ratio
	MLT new lending to the real economy	~250 bn	<ul style="list-style-type: none"> ~500,000 new investments financed Lending growth above GDP growth 	<ul style="list-style-type: none"> ~60 bn of which 50 bn in Italy
Employees	Personnel expenses	~24 bn	<ul style="list-style-type: none"> More than 90,000 households 	<ul style="list-style-type: none"> ~5.8 bn
	Training	~1 bn	<ul style="list-style-type: none"> ~46 m training hours ~5,000 excess capacity redeployed to priority initiatives 	<ul style="list-style-type: none"> 9.1 m training hours ~1,000 already redeployed to priority initiatives
Suppliers	Purchases and investments	~11 bn	<ul style="list-style-type: none"> More than 40,000 households 	<ul style="list-style-type: none"> ~2.7 bn
Public Sector	Taxes ⁽¹⁾	~13 bn	<ul style="list-style-type: none"> Comparable in size to an Italian annual Budget Law ("Legge di Stabilità") 	<ul style="list-style-type: none"> ~2.5 bn
Social Sector	MLT new lending to support social ventures	~0.7 bn	<ul style="list-style-type: none"> ISP: the largest Social Sector Lender in Italy 	<ul style="list-style-type: none"> ~0.2 bn
Categories with restricted credit access	Impact lending	~1.2 bn	<ul style="list-style-type: none"> ISP: the first Impact Bank worldwide 	<ul style="list-style-type: none"> Launch of "Per Merito"

(1) Direct and indirect

Objectives in line with the UN SDGs



Launch of a new ISP Fund for Impact (~ € 250 m) enabling lending of ~ € 1.2 bn to categories with difficulties accessing credit over the 2018 – 2021 period.
 Medium/long-term new lending to support social ventures, totalling approximately 0.7 bn euro over the 2018 – 2021 period, thus confirming its position as the largest third sector lender in Italy.
 Scale-up of the "Food and shelter for people in need" initiative by allocating funds to enable 10,000 meals/day, 6,000 dormitory beds/month, 3,000 medicines and clothes/month.



€ 1 bn of investment in training and ~46 million training hours in the 2018-2021 period, with around 11.9 million training hours in 2021, from 6.6 million hours in 2017.
 Fund for Impact: "Per merito" initiative, dedicated to university students.
 Generation: a global project to reduce youth unemployment, aimed at training and introducing ~5,000 young people to the Italian labour market over the next three years.



Initiatives to fully promote diversity and inclusion.



Increase in the use of renewable sources, from 76% in 2012 to 81% in 2022.



Medium/long-term new lending disbursed to the real economy and totalling around 250 billion euro (~500,000 new investments financed) in the 2018 – 2021 period.
 Hiring of at least 1,650 people in the 2018-2021 period.
 Reallocation of excess capacity (5,000 people) to new initiatives.
 Focus on flexibility programmes (including smart working extended to around 24,000 people by 2021, from 8,000 in 2017, part-time work and mixed work contracts).
 International talent for around 500 people enhancing the international 'middle management' community through tailored training programs and career paths.

Objectives in line with the UN SDGs



€ 2.8 bn of investment to complete the digital transformation in the 2018-2021 period
70% of activities digitalised in 2021, compared with 10% in 2017.
Increase sales through digital channels (15% of total sales in 2021 from 2% in 2017).



Launch of dedicated initiatives to fully value diversity and inclusion.



Set-up of a specialised unit focused on enhancement and proactive management of ISP art, cultural and historical heritage.



Allocation of a dedicated plafond (€ 5 bn) to finance Circular Economy and launch of a Circular Economy Investment Fund.



Reduce CO2 emissions by 37% over the period 2012-2022.



Strengthen anti-corruption measures, controls and internal training.

The People of Intesa Sanpaolo, our most important asset

	2018-2021 Business Plan Objectives	2018 Results
Strengthening of employee commitment	<ul style="list-style-type: none"> New long-term incentive programs linked to main Business plan KPIs with the participation of all Group employees to ISP's capital 	<ul style="list-style-type: none"> More than 80% of ISP's People participated in the capital increase reserved for employees under the 2018-2021 LECOIP 2.0 Long-term Incentive Plan
Responsible restructuring/ Job protection	<ul style="list-style-type: none"> Launch of a dedicated initiative to reskill at least ~5,000 people Agreement with Trade Unions of 9,000 voluntary exits by June 2020 Hiring of at least 1,650 professionals 	<ul style="list-style-type: none"> ~1,000 already redeployed to priority initiatives ~5,000 voluntary exits as of end 2018¹ and over 4,000 additional exits by June 2020 already agreed with labour unions ~450 professionals hired
Talented and highly motivated	<ul style="list-style-type: none"> Management Academy active for ~ 7,000 Managers and Future Leaders International Talent Programme for around 500 people 	<ul style="list-style-type: none"> Completed the 2nd edition of the International Talent Program with the identification of additional 120 new talents to be trained
Well-trained	<ul style="list-style-type: none"> 11.9 m training hours in 2021 Around € 1 bn cumulative investment 	<ul style="list-style-type: none"> 9.1 m training hours supported by ~250 new digital Learning Objects (~3,000 total Learning Objects)
Flexible	<ul style="list-style-type: none"> Significant increase in smart working adoption, involving ~ 24,000 employees by 2021 	<ul style="list-style-type: none"> ~11,500 people adhering to "smart working", ~3,500 more vs end 2017

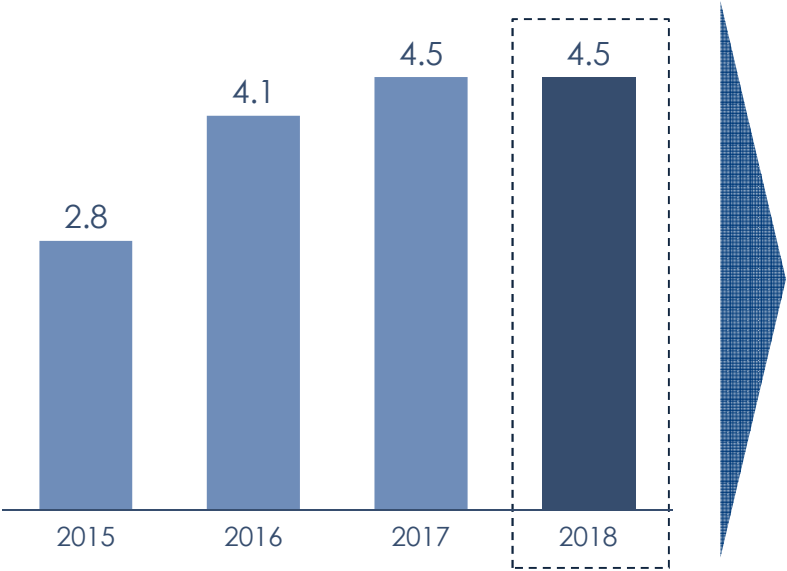
(1) Including ~1,500 voluntary exits in 4Q17

Gender diversity
37% Women in the Board of Directors (7 over 19)
53.4% Women in the total company employees
38.9% Management roles held by women
Remuneration ratio women/men 0.7 for executives 0.9 for all other staff
Introduction of a Diversity & Inclusion objective in the assessment system for CEO and 900 Group managers that accounts for 10% of the total evaluation

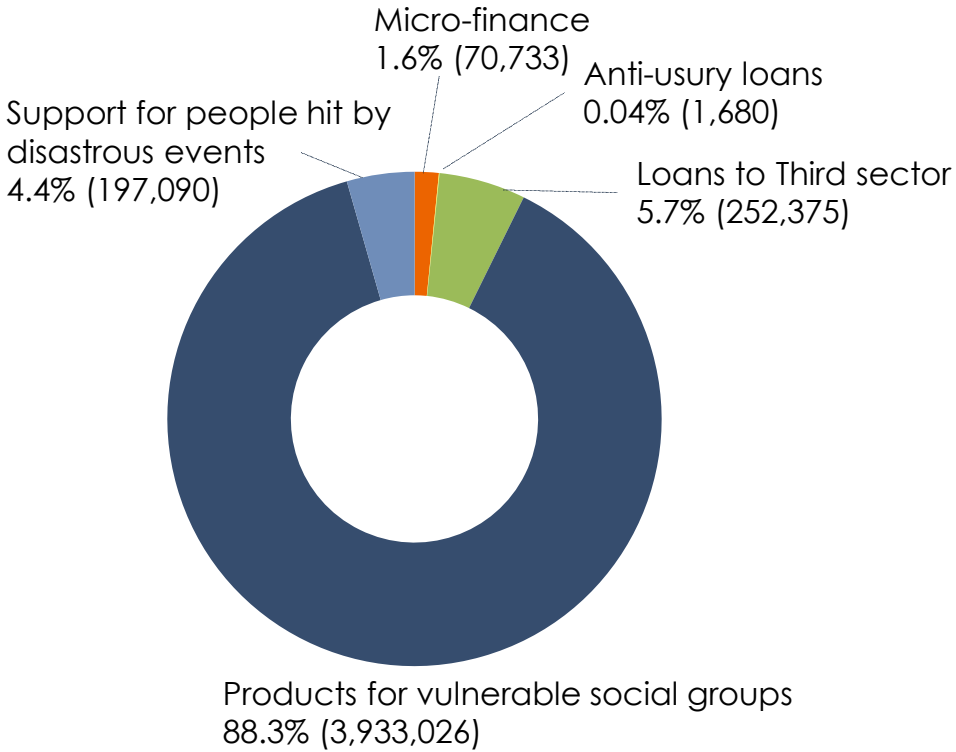
Financial inclusion

Over 4.5 billion euro in loans for **high social impact activities in 2018**
(7.4% of total loans granted in 2018)

Loans for high social impact activities - amount per year (€ bn)



Breakdown 2018 in % and ths €



Community Contribution

In 2018 the Intesa Sanpaolo Group recorded **monetary contributions to the community**, measured based on the LBG model for assessing community investment, of about **62 million euro**, of which 50% is dedicated to Art and Culture.

Intesa Sanpaolo supports the community through various activities such as national and international projects, non-profit organizations, promotion of social, cultural and educational solidarity initiatives.



Initiatives to **reduce child poverty** and to **support people in need**



In January 2019 a partnership with **Generation** was launched, a global project to **reduce youth unemployment**, aimed at **training and introducing 5,000 young people to the Italian labour market** over the **next three years**.



500,000 visitors to ISP "Gallerie d'Italia" museums and **14** major exhibitions held in 2018

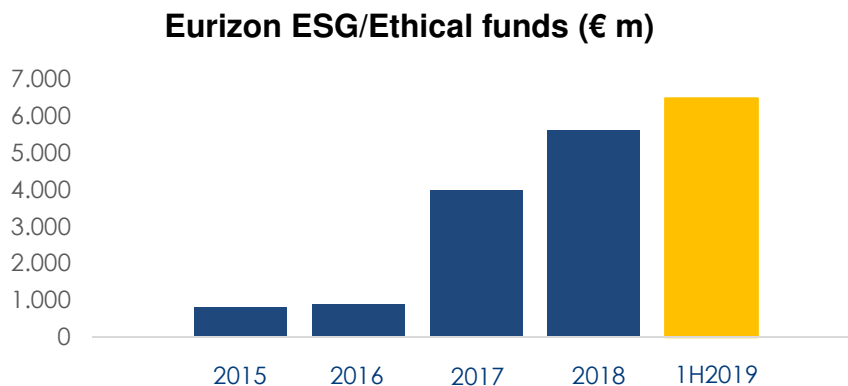
Gd'I
GALLERIE D'ITALIA

Responsible Investments

ISP Group is the first Group in Italy for ESG funds managed, with a **market share of ~30%**.

Eurizon Capital, the Group's asset management company, was the first in Italy, back in 1996, to offer Ethical Funds, and in 2015 signed the **PRI** (Principles for Responsible Investments). It is also signatory of **CDP** (Carbon Disclosure Project) and subscribed the **Italian Stewardship Principles**, for a responsible exercise of ownership and voting rights in listed companies.

It manages some **€6.5 bn AuM in ESG/Ethical funds** as of June 2019, with 28 products dedicated.



Signatory of:



*Source Assogestioni, Mappa Trimestrale del Risparmio Gestito II Q 2019 (tav.7)

Management and control of risks

ESG Risk in Loans

Environmental and social risks in financing are:

- included in the assessment of the credit rating of corporate customers: the **corporate rating model**, approved by the ECB, has introduced additional assessment elements regarding **qualitative aspects**;
- monitored with particular reference to major projects through the **Equator Principles** assessment process;
- evaluated for transactions in sensitive sectors that do not fall under the scope of the EP, when requested by the business or credit functions, with the issuing of an opinion by Reputational Risk function.

Armament policy

Since 2007, the Bank has internal rules limiting its participation in activities that involve the production and **trade of military weapons**:

- It does not allow operations that relate to the production and trade of weapons and weapons systems, although permitted by applicable law, in countries that do not belong to the EU or the NATO, unless the final user is an Italian governmental entity, a military or police force.
- It **prohibits** to engage in any kind of banking activity related to the production of and trade in **controversial weapons** and/or banned by international treaties and in particular nuclear, biological and chemical; cluster bombs and munitions; weapons containing depleted uranium; landmines.

Equator Principles



Equator Principles, international guidelines for the management of social and environmental risks arising from project financing, has been adopted by the Bank **since 2007**.

In 2018 the overall value of loans granted for **projects subject to EP screening was € 993.5 m**, corresponding to some 11% of total loans granted in project finance.

THE EP IN 2018*

SECTOR	A	B	C	Total
PROJECT FINANCE				
Oil & gas	2	1		3
Power	2	4	3	9
Infrastructures	1	5		6
Total	5	10	3	18
PROJECT RELATED CORPORATE LOANS				
Oil & gas	2			2
Total	2			2

346 transactions have undergone Equator Principles screening since 2007

* Number of projects that reached the financial close in 2018

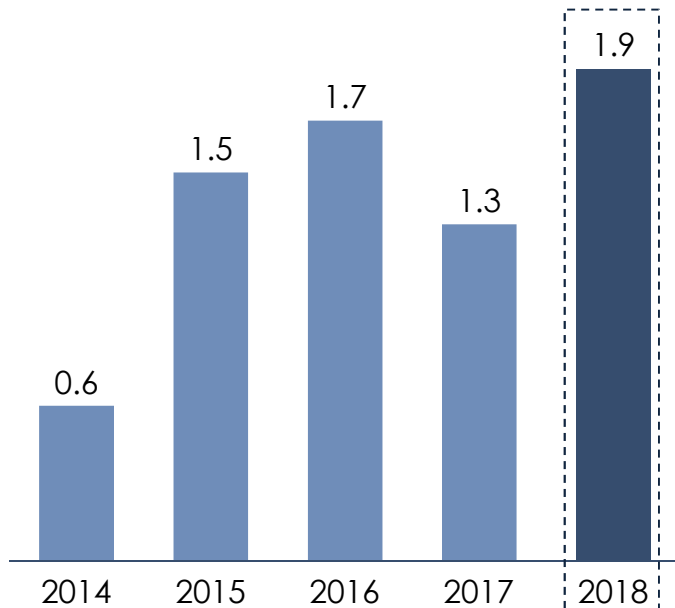
Green products and services (1/2)



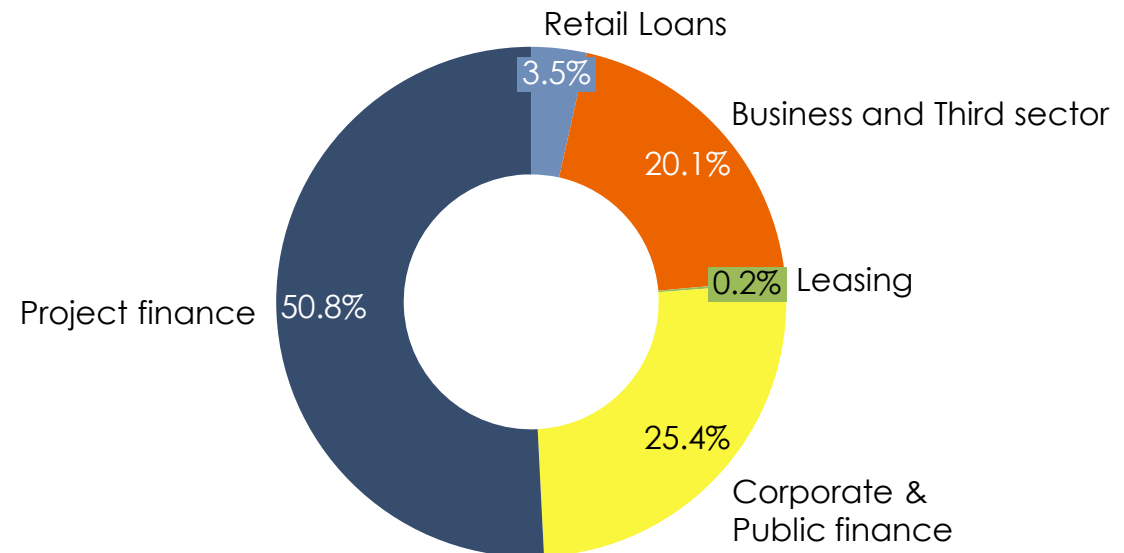
The Bank provides a whole range of environmental and energy efficiency products.

3.2% of Intesa Sanpaolo's **loans granted in 2018** were directed **to the green economy**, such as financing to renewable energy, energy efficiency, environmental services, amounting to **€ 1.9 bn** (€ 7 bn in the period 2014 - 2018).

**Loans to the Green Economy
amount per year (€ bn)**



2018 breakdown (%)



Green products and services (2/2)

Advisory services

The ISP Group's division for MLT financing, leasing and factoring, offers "tailor-made" financial solutions for businesses and the public administration investing in renewable energy plants or in energy efficiency processes developed by energy intensive or Energy Service Companies. These loans are preceded by project appraisals by the Energy Desk.

ISP Impact Department continues to support **third sector** companies that want to invest in energy efficient projects with solutions to save on energy costs and increase the overall sustainability of social activities.

Circular economy

Intesa Sanpaolo Group confirmed its commitment to the **Circular Economy** by promoting the spread of the model, drawing on the support of the Ellen MacArthur Foundation. ISP Group has made a **plafond of up to 5 bn euro for 2018-2021 available** with the commitment to offer the best credit access terms to businesses that adopt the circular model in innovative ways. Specifically, the initiatives' suitability will be assessed by the Innovation Center, which has defined the selection criteria together with the Ellen MacArthur Foundation.

In 9M2019, 212 projects were analyzed and **48 projects** were financed for **~550 million euro**.

Asset management

Eurizon Capital is signatory of the PRI and CDP. It has Ethical/ESG funds € 6.5 bn at the end of first half 2019 and manages various institutional mandates with ESG approach.

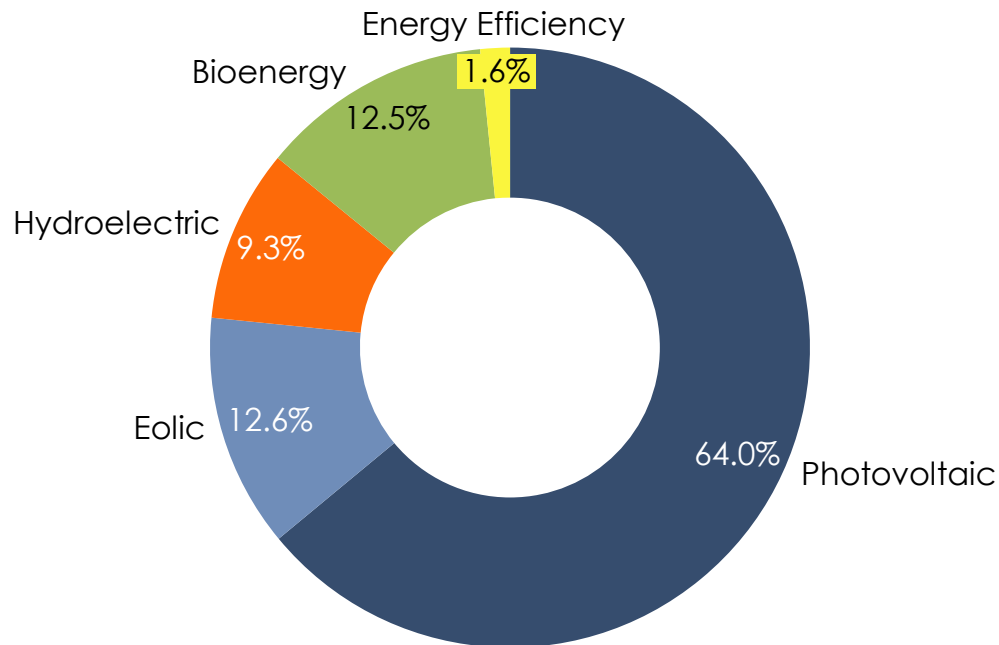
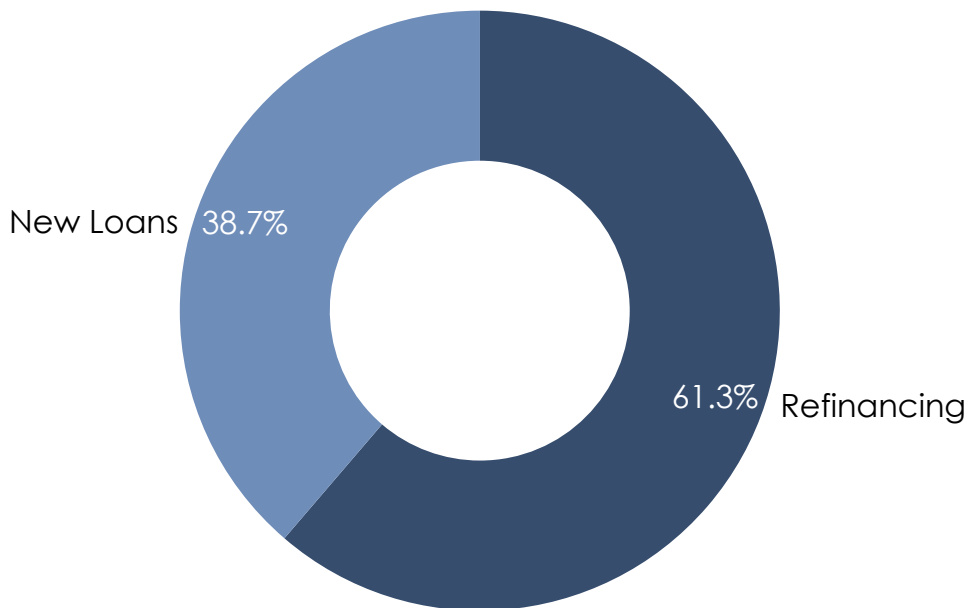
Green Bond

In June 2017 ISP issued its first **Green Bond** for a total amount of **500 million euro**, to finance initiatives that promote environmental sustainability, in particular renewable energy and energy efficiency. It is a five-year senior unsecured bond, reserved for international institutional investors. The proceeds were fully allocated in the first year of the bond's life.

In June 2019 ISP published its second **Green Bond Report**: 75 projects were financed, avoiding the generation of over 350,000 metric tons of CO₂ greenhouse gas emissions.



Loan allocation



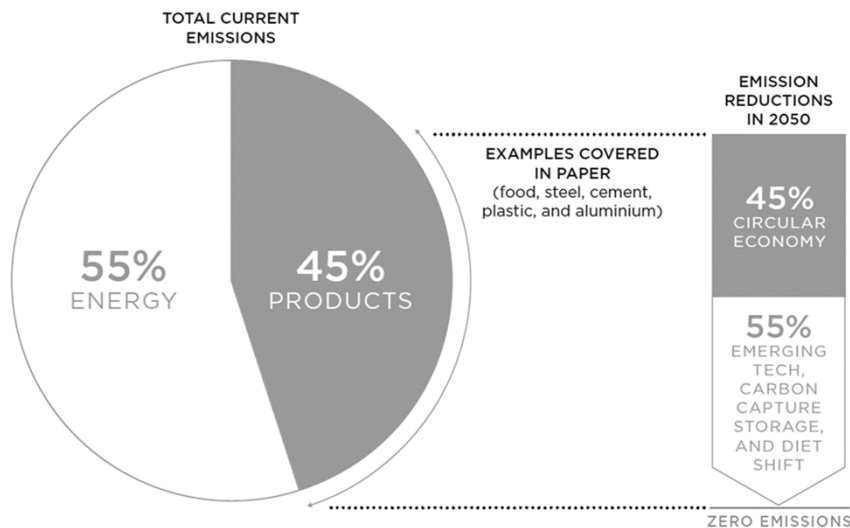
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Changing the model: potential savings and impact of Circular Economy 19

Impact on climate change

Switching to **renewable energy** will only lead to a **55% reduction in emissions**.



The remaining **45% of emissions** come from **the way we make and use products**, and how we produce food and manage land.

Using a **circular economy approach in five key areas (cement, plastics, steel, aluminium, and food)** can remove nearly half of these remaining emissions, a reduction of 9.3 billion tonnes in 2050.

Projected cost reduction

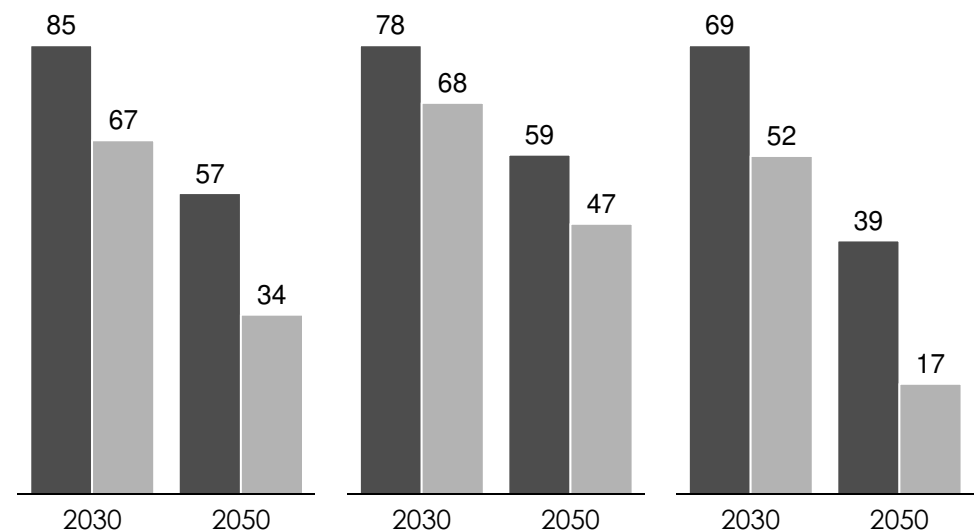
Indexed to 100 in 2012

■ Current development scenario EU-27 ■ Circular scenario

Societal costs

Primary material consumption

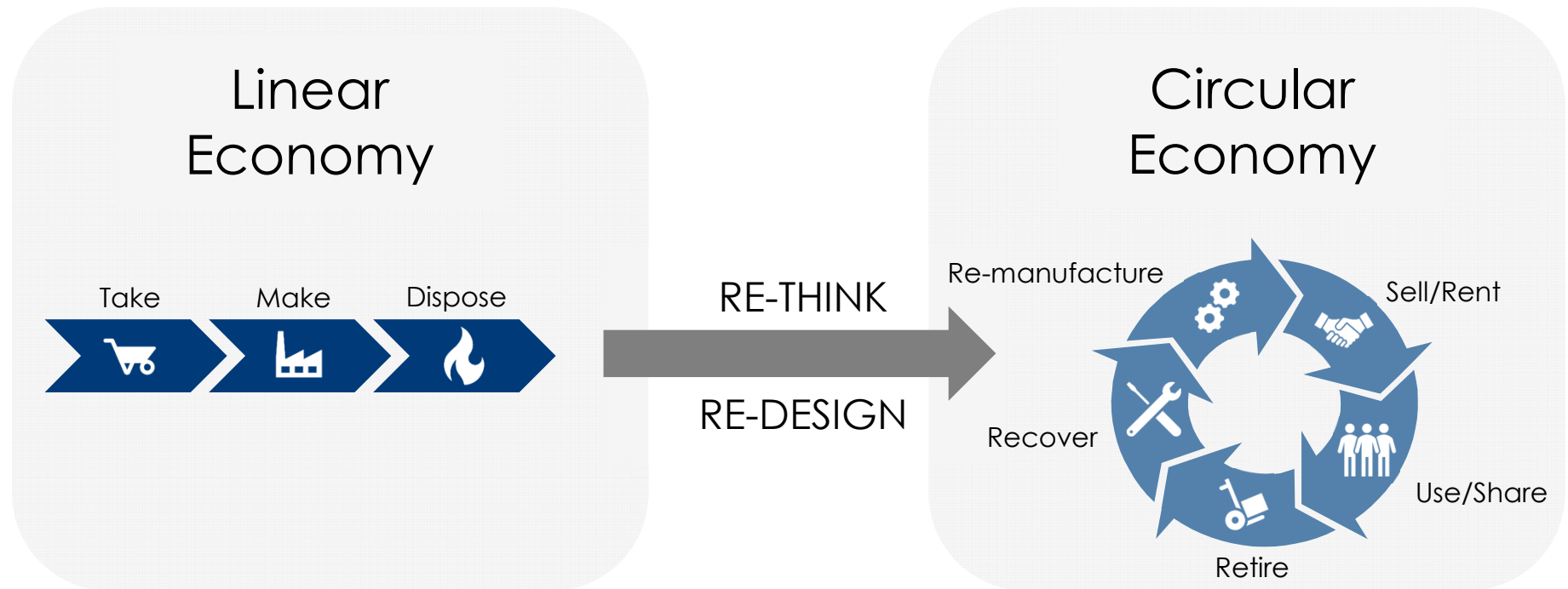
CO2 emissions



Estimated ~ € 1.8 trn of savings in Europe by 2030 in food, mobility and built environment industry

Circular Economy

Decouple economic growth from the consumption of finite natural resources



Business Opportunities

- Improve **competitive positioning** of the company
- **Recover** by products and components and **re-utilize** them
- **Reduce costs** for raw materials as production input
- Create **cross-sectorial value chains** for new business opportunities
- **Customers' loyalty** through new service models

Intesa Sanpaolo and the Ellen MacArthur Foundation

Since December 2015, Intesa Sanpaolo Group is the first **Financial Services Global Partner** of the Ellen MacArthur Foundation

In 2019, it renewed the partnership for a further 3 years



CE100 is a global platform for companies, innovators and regions to accelerate the transition to the circular economy



- Dame Ellen MacArthur is a successful solo long-distance yachtswoman. In 2005 she broke the world record for the fastest solo circumnavigation of the globe
- Her Foundation is the world most influential and authoritative player in the Circular Economy. It works together with Entrepreneurs, Government and Universities to accelerate the system shift towards the Circular Economy

Intesa Sanpaolo and the Circular Economy

Building the #1 Bank in Europe on Solid Fundamentals and Values

A Strong Bank for a Digital World

ISP 2018-2021 Business Plan

February 6, 2018

INTESA  SANPAOLO

- The Intesa Sanpaolo 2018-21 Business Plan includes two specific actions to **support the Circular Economy**: i) a **Credit Facility** of up to €5bn and ii) the introduction of an **Equity Fund**
 - The **€5bn credit commitment allows to** provide the most innovative clients/projects with facilities at very favorable terms. Access to these credit facilities is evaluated against a set of **five eligibility criteria** developed in partnership with the Ellen MacArthur Foundation

ELIGIBILITY CRITERIA

1. Product life extension



Solutions that extend the product life or that **increase cycles of use** of goods and/or materials

2. Renewable resources



Production processes fueled by and / or products made of **renewable or recycled resources**

3. Resource efficiency and effectiveness



Products / services that optimize **efficiency or effectiveness of resources consumption**

4. Recyclable products



Products that can **fully recycled or composted**

5. Enabling technologies



Innovative technologies to enable circular models

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Sustainability Bond Framework

As part of its commitment to sustainability, Intesa Sanpaolo developed a new Sustainability Bond Framework under which it will issue sustainable bonds to fund new and existing loans/projects and businesses with environmental and social benefits, in alignment with the Green Bond Principles 2018, the Social Bond Principles 2018 and the Sustainability Bond Guidelines (SBGs) 2018 and with the intention of being aligned with the upcoming European regulation.

Use of Proceeds

- **Circular economy** as detailed in slides n. 27 and 28
- **Green Eligible categories** including renewable energy; energy efficiency and environmentally sustainable management of living natural resources and land-use, biodiversity
- **Social Eligible categories** including social infrastructure; areas and populations affected by natural disasters and economically underperforming Italian areas; non-profit and third sector and Benefit corporations and Certified B Corporations
- Intesa Sanpaolo may consider future opportunities to update the Framework to expand this list of Eligible Categories and include new Eligible Categories as relevant to Intesa Sanpaolo financing strategy.

Project evaluation and selection

- Business teams to propose potential Eligible loans as Use of Proceeds of each Intesa Sanpaolo Sustainability Bond
- The internal Sustainability Bond working group to review and approve proposed loans based on the defined Eligible Categories listed by the Use of Proceeds
- Loans determined as eligible will be marked accordingly and added into a Sustainability Bond Register

Management of proceeds

- Intesa Sanpaolo will establish a Sustainability Bond Register for each Bond issued. The Register will contain for each Bond issued details such as ISIN, pricing date, maturity etc. and details on the eligible loans allocated such as eligible loan category utilised, summary detail on project/use of proceeds, amount of loan outstanding, disbursement date, loan maturity, and expected social and environmental benefits

Reporting

- Intesa Sanpaolo will report annually, until full allocation, on the use of proceeds as well as on the environmental and social benefits via a Sustainability Bond Report which will be published on www.group.intesasanpaolo.com
- The report will include allocation and impact metrics
- The report will be verified by annual external assurance process

Sustainability Bond Framework

Opinion by ISS ESG

Use of Proceeds

- ISS ESG considers the Use of Proceeds description provided by Intesa Sanpaolo Sustainability Bond Framework as aligned with the SBGs and with market best practices. **Expected environmental and social benefits are clearly displayed in a granular way and the eligible categories are aligned with the broader strategy of the issuer toward sustainability.** Furthermore, potentially harmful categories of projects are excluded from eligible assets.

Project evaluation and selection

- ISS ESG considers the project evaluation and selection processes as aligned with the SBGs. **The eligibility criteria are clearly defined and publicly disclosed and the process for project selection is structured.** Relevant internal stakeholders are involved in this process.

Management of proceeds

- ISS ESG considers the management of proceeds is aligned with the SBGs. **Appropriate tracking of the proceeds is in place and intended types of temporary investment instruments for unallocated proceeds are disclosed,** as well as the procedure in case of divestment or postponement.

Reporting

- ISS ESG considers the reporting is aligned with the SBGs. **The level, frequency, scope and duration of reporting is disclosed both for allocation and impact reporting,** as well as details on which information will be reported.

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Sustainability Bond focused on Circular Economy

Eligible Loans (1/2)

Eligible Loan Categories	Further Details	Benefits
<p>1 - Solutions that extend the product-life or cycles of use of goods and/or materials</p>	<ul style="list-style-type: none"> ▪ Applying modular design or design for disassembly ▪ Take-back schemes and redeploing products (reverse logistic) ▪ Reuse, repair and/or products regeneration/refurbishment ▪ Servitization (pay-per-use) and/or models aiming at sharing goods (sharing economy) 	<p>Solutions that extend the product life or cycles of use of goods allow to maintain the inner value of products and components at the highest possible level</p>
<p>2 – Production processes fueled by and/or products made of renewable or recycled resources</p>	<ul style="list-style-type: none"> ▪ Products that substitute critical materials with biological or bio-based materials ▪ Processes fueled by energy from solar, wind or conversion of biomass to energy 	<p>Production processes fueled by and/or products made of renewable or recycled resources allow to decouple production processes from fossil fuels and fossil-based raw materials</p>
<p>3 - Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain</p>	<ul style="list-style-type: none"> ▪ Applying principles of industrial symbiosis and realizing an integrated supply chain that makes waste streams into feedstock ▪ Closing loops and/or apply circular economy and systemic design principles 	<p>Products and/or services that significantly increase effectiveness and efficiency of the resources consumption enable a relevant saving of critical resources. These practices are restorative and regenerative of the natural capital</p>

Sustainability Bond focused on Circular Economy

Eligible Loans (2/2)

Eligible Loan Categories

Further Details

Benefits

4 - Design and/or manufacture products that can be fully recycled or composted within an efficient framework of collection, separation and recycling after use

- Compostable products
- Recyclable products

Design and/or manufacture products that can be fully recycled or composted allow to significantly reduce waste by re-using effectively products, components and materials

5 - Innovative technologies to enable circular business models

- IoT to empower traceability services (reverse-logistic) and/or predictive maintenance
- Additive manufacturing/3D printing to increase the easy-to-repair degree and the materials efficiency
- Big Data analytics, Artificial Intelligence, Cloud Computing and Digital Solutions aiming at dematerialization services and/or marketplaces development for secondary raw materials or reuse practices
- Blockchain technology which allows certified traceability of the supply chain, quality & quantity check purposes, and origin derivation (material passport)
- Hydroponic/Aeroponic agricultural practices for urban farming, to produce food closer where it will be consumed and cultivate in areas with unfavourable conditions (e.g. soil, climate)
- Other innovative technologies that enable circular economy principles (e.g. smart grids)

Innovative technologies enable new business models and services, enhancing all the positive impacts connected to the Circular Economy, including the access to assets and resources for a wider target of consumers

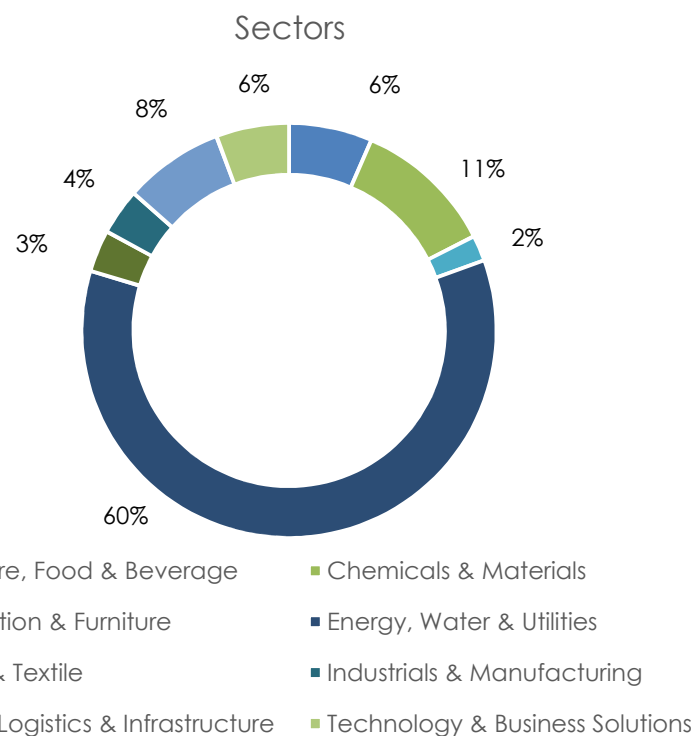
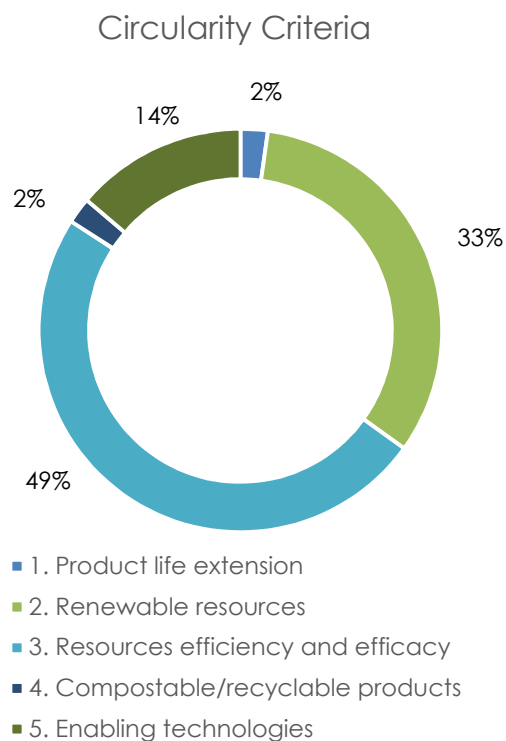
Sustainability Bond focused on Circular Economy

Use of proceeds


The inaugural transaction under this Framework will be a **Sustainability Bond focused on Circular Economy**.

The bond proceeds will be allocated to refinance/finance credits granted through the **Circular Economy Plafond** launched by Intesa Sanpaolo in 2018, a **€ 5 billion** credit facility dedicated to the most innovative companies or projects in the Circular Economy field. Access to CE Plafond is regulated by both ordinary credit procedures and compliance with a **set of 5 eligibility criteria**. Such “circularity” criteria were developed in partnership by **Intesa Sanpaolo Innovation Center and the Ellen MacArthur Foundation**.

The distribution of proceeds allocations (as of 01/11/2019) is represented here below. Charts both refer to the five “circularity” eligibility criteria and the main sector of interest for financed companies and projects. Distribution might change in time depending on new allocations.








Positive Second-Party Opinion by ISS ESG

SPO section	Summary	Evaluation
<p>Part 1 Performance against the SBGs</p>	<ul style="list-style-type: none"> “The issuer has defined a formal concept for its Sustainability Bond dedicated to Circular Economy regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA SBGs.” 	<p>Positive</p>
<p>Part 2 Sustainability quality of the asset pool</p>	<ul style="list-style-type: none"> “The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS ESG Sustainability Bond KPIs. The Sustainability Bond KPIs contain a clear description of eligible circular economy assets” 	<p>Positive</p>
<p>Part 3 Issuer sustainability performance</p>	<ul style="list-style-type: none"> “The issuer itself shows a good sustainability performance and has been classified as ‘Prime’ within the methodology of the ISS ESG Corporate Rating. It is rated 19th out of 267 companies within its sector as of 27.09.2019” 	<p>Status: Prime Rating: C Prime threshold: C</p> 

Contribution to the UN SDGs - Circular Economy

Assessment by ISS ESG

Based on the assessment of the sustainability quality of the sustainability bond asset pool and using a proprietary methodology, ISS ESG assessed the contribution of the Intesa Sanpaolo's Sustainability Bond focused on Circular Economy to the Sustainable Development Goals defined by the United Nations (UN SDGs).

Use of Proceeds Category	Contribution or Obstruction	Sustainable Development Goals
Circular Economy	<div data-bbox="758 699 1346 1084" style="background-color: #4F812D; color: white; text-align: center; padding: 20px;">Significant Contribution</div> <div data-bbox="758 1084 1346 1179" style="background-color: #A8C84F; color: white; text-align: center; padding: 20px;">Limited Contribution</div>	    

Sustainability Bond focused on Circular Economy

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Envisaged transaction

<i>Indicative Termsheet</i>	
Issuer :	Intesa Sanpaolo spa
Exp. Issue Rating :	Baa1 stable / BBB neg / BBB neg
Format :	Reg S, Senior Unsecured Unsubordinated
Maturity :	5 years
Size :	Eur benchmark
Coupon :	Fixed annual
Use of Proceeds :	To finance/refinance eligible loans focused on the Circular Economy category according to the Intesa Sanpaolo Sustainability Bond Framework
Listing :	Luxembourg
Green Structuring Advisor :	Banca IMI, Crédit Agricole CIB
Joint Bookrunners :	Banca IMI, Crédit Agricole CIB, ING, Société Générale
Docs :	Eur 70bn Euro Medium Term Note Programme dated 21 Dec 2018
Governing Law :	English Law except for [conditions 22] which are governed by Italian law

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2. Focus on Circular Economy
3. ISP Sustainability Bond Framework
4. Contemplated transaction: Sustainability Bond focused on Circular Economy
5. Appendix

Eligible projects: sample 1

Maire Tecnimont

Italy

About the company

International leader in the field of plant engineering, committed to transforming natural resources into innovative products. The company is now preparing itself for the growing renewable energy and green chemistry paradigm.

Project Description

Implementation of a technology solution and plant enabling a more effective implementation of the Circular Economy for Plastics, allowing to increase the value of recycled plastics to be used in specific high and application use.

ISP Circularity Criteria

3. Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain

Output / impact expected

- Increase of plastic material re-inserted into production system
- Decrease in annual share of non-recycled plastic material
- Performance improvement of recycled plastic material



Eligible projects: sample 2

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Thames Water

United Kingdom

About the company

UK's largest water and wastewater services provider, with a strong focus on environmental protection, including responsible and sustainable use of natural resources.

Project Description

Several initiatives related to water treatment: utilisation of wastewater to produce renewable energy and fertilisers, recycling of waste water and prevention of water pollution

ISP Circularity Criteria

2. Production processes fueled by and/or products made of renewable or recycled resources
3. Products and/or services that significantly increase effectiveness and efficiency of the resources consumption, within the company or along its supply chain
5. Innovative technologies to enable circular business models

Output / impact expected

- Increase of renewable energy production for self-consumption
- Recovery and beneficial use of sludge
- Increase of sustainable drainage hectares
- Installation of new smart meters to monitor and reduce water consumption

